



Michigan Community Banking

March 24, 2021

The CBM – One Mission. Community Banks.

- The CBM represents nearly all banks headquartered in the great State of Michigan, and 130 associate members/suppliers who work with banks – law firms, CPAs, title companies, architects, tech vendors etc.
- We were founded by independent minded bankers nearly 50 years ago who refused to be intimidated by mega banks or out of state banks – and we are still steadfast in protecting local banks and local communities.
- We do not represent out of state banks operating in Michigan or fintechs.
- Our team is composed of former bankers and very experienced personnel – we are not association professionals – we know banking issues – over 100 years of banking and regulatory experience in our full time and contract staff.
- Our legislative efforts are conducted through our outstanding partnership with GCSI – the #1 multi-client firm in Michigan for over a decade. Our banks appreciate our and GCSI’s efforts on their behalf as our PAC contributions have more than doubled in the past few years.
- Our goal is to work with you on legislation that is positive for Michigan consumers and Michigan businesses because when they benefit our banks benefit.



ICBA
INDEPENDENT COMMUNITY
BANKERS of AMERICA®



CBM
Community Bankers of Michigan



Community Banks
Regional Banks Under \$25 billion



 American
Bankers
Association.



mba
Michigan Bankers Association



Largest US Banks
Regional Banks, Community Banks



Michigan Community Banks – Economic Engines for Local Communities

- Michigan has 86 banks headquartered in the state – 3 are special purpose subsidiaries of major companies, and two are being merged.
- Local banks means local decision making – executives live and work in Michigan, they do not bail out when the economy hits a speed bump.
- These 80+ banks are critical to our Michigan economy:
 - Number one lenders to small and mid-sized businesses by a large margin – over half of all loans
 - Banks did 95% of the PPP lending in 2020, 90+ % again in 2021, covering over 70% of the small business jobs in Michigan
 - Number one lenders to agriculture and family farms – 60% of loans nationally - \$130 billion +
 - Banks are serving the budding Cannabis business in Michigan
 - Banks pay taxes, they buy and hold municipal bonds to support MI schools, police and fire and emergency services
 - Banks have worked with family businesses on loan payment deferrals to help them keep the doors open, and have worked with homeowners on mortgage payment deferrals to keep them in their homes
 - Banks have been active supporters of financial literacy in their communities and the first line of defense in preventing cyber fraud losses for customers and in preventing elder financial abuse



CBM Legislative Objectives

- Support pro-consumer/pro-business legislation that benefits everyone in the state – legislation can be good for business and good for consumers at the same time.
- You have very tough jobs to do – you need to look at all kinds of legislation and some topics you may have little experience with. Our goal is to be a resource for you – to discuss financial topics and to provide empirical data for you to use in your legislative efforts.
- You need to vote in the best interests of those you represent - we understand and embrace that. We know you may, occasionally, have to vote against legislation we support and that is all part of the process. We will work with you on the next issue you need our help on and every issue you need us for, regardless of the outcome of any one vote, or any one comment.
- Together we accomplished a lot in 2020 – appraisal law changes, notary changes, expungement bills, COVID liability protections for employers and other important legislation to get us all through the pandemic. Let's do more together to benefit consumers and businesses in Michigan in 2021!!



PPP Lending

**Community Banks
Excelling Again!!**



Covid Crisis Response/PPP Lending

- Bankers in Michigan had to navigate an almost a perfect storm – threats to the safety and soundness of their staff and residents in their community, the devastating economic impact on their retail and commercial clients, suppliers that were closed or operating at greatly reduced capacity, a spike in cyber crime, and a whirlwind of government programs coming at them fast and furiously.
- Community Bankers in our state “Rose To the Challenge” as they always do and processed over two years' worth of lending in two months of the PPP program this time last year. The typical bank in Michigan grew over 10% in 2020 from PPP loans.
- The PPP loan program totals for Michigan for 2020 were: 128,000 loans for \$16 billion dollars. The totals for PPP loans in Michigan for 2021 - 77,000 loans for \$6.1 billion as of 3/21/21.



Covid Crisis Response/PPP Lending

- Comparative Performance
 - Michigan-based banks shined in the PPP program. Banks overall did 95% of the PPP loans in Michigan. Michigan CUs accounted for 3% of PPP loans in the state, and all other groups including fintechs and farm lenders accounted for 2%.
 - Nationally community banks under \$10 billion in assets made 50% of the loans and 44% of the dollar amount of PPP loans in 2020 – which is nearly identical to the numbers for Michigan banks. This year banks under \$10 billion in assets have done 1.2 million loans for \$83.5 billion so far which is 43% of all loans – nearly twice their asset or deposit market share.



Lender Types for 2021 PPP

Lender Type	Lender Count	Loans Approved	Net Dollars
Banks and S&Ls(\$10B or more)	111	1,255,577	\$93,310,809,147
Banks and S&Ls(less than \$10B)	4,111	1,193,024	\$83,513,726,261
Fintechs (and other State Regulated)	35	371,170	\$9,286,337,992
Small Business Lending Companies	13	127,717	\$4,198,067,409
Credit Unions (less than \$10B)	831	95,479	\$3,888,463,301
Farm Credit Lenders	47	26,419	\$643,496,162
Credit Unions (\$10B or more)	8	10,273	\$330,661,679
Non Bank CDFI Funds	8	10,333	\$208,995,012
Microlenders	31	7,812	\$199,985,100
Certified Development Companies	18	3,833	\$194,906,152
To Be Confirmed	8	627	\$26,017,198
BIDCOs	1	11	\$250,002
Total	5,222	3,102,275	\$195,801,715,415

Approvals through 03/21/2021

4



Top Ten States by Net PPP Dollars

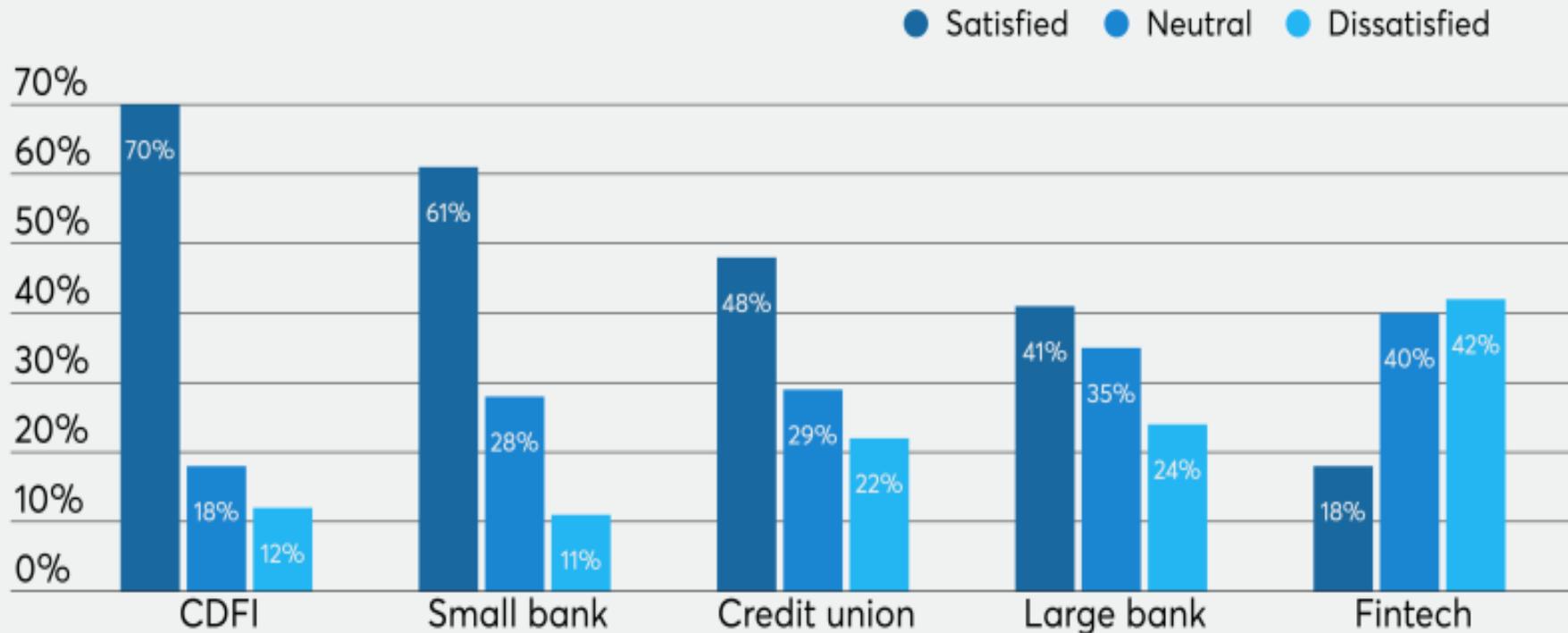
Approvals through 03/21/2021

State	Loan Count	Net Dollars
CA	324,369	\$ 26,068,724,620
NY	206,229	\$ 16,234,767,640
TX	235,518	\$ 15,261,028,417
FL	234,209	\$ 12,082,536,193
IL	183,704	\$ 9,975,215,363
PA	89,656	\$ 7,468,032,800
NJ	80,452	\$ 6,289,473,298
MI - #8	76,786	\$ 6,140,553,760
OH	91,231	\$ 6,124,257,281
GA	119,017	\$ 5,429,231,603



Grading PPP lenders

Small businesses that tapped the Paycheck Protection Program or sought other loans during the pandemic were more satisfied with the support they received from small banks than large ones. Overall, they gave the highest marks to CDFIs and the lowest to fintechs.



Source: Federal Reserve

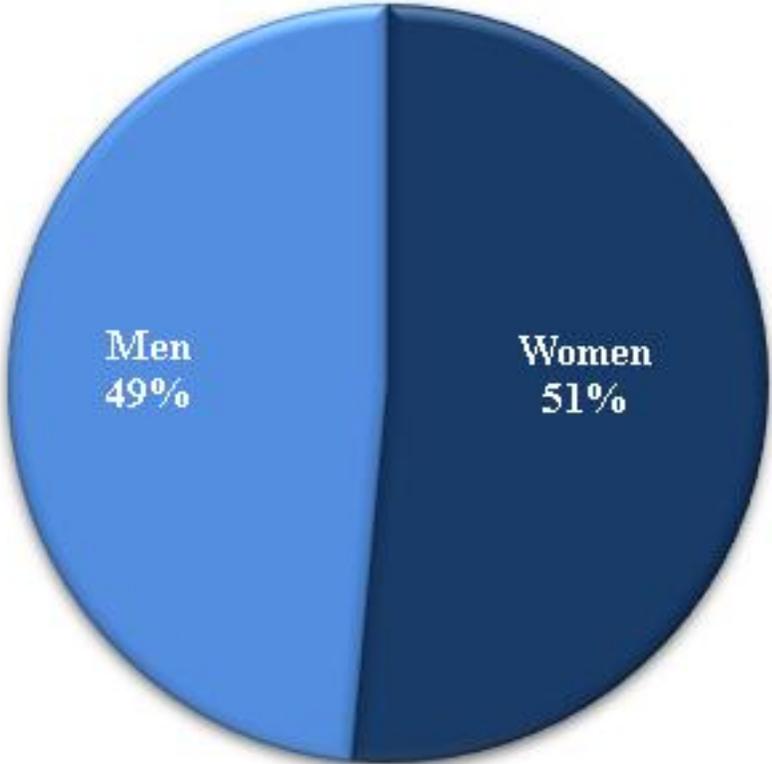
Diversity, Equity and Inclusion

Community Banks Excelling Again!!

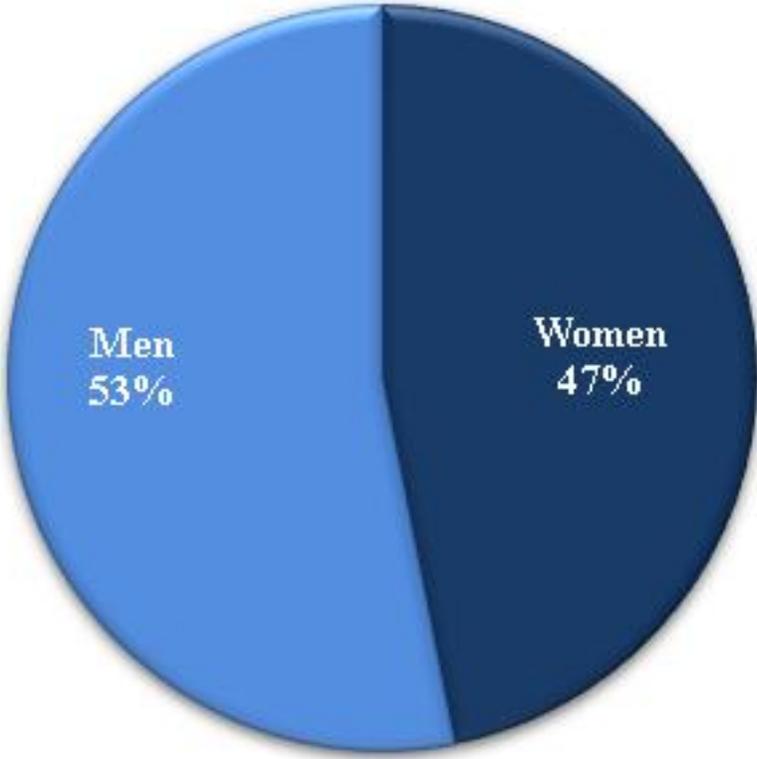


Comparison of Banks' Workforce Versus U.S. Employed Workforce by Gender 2018

Banks



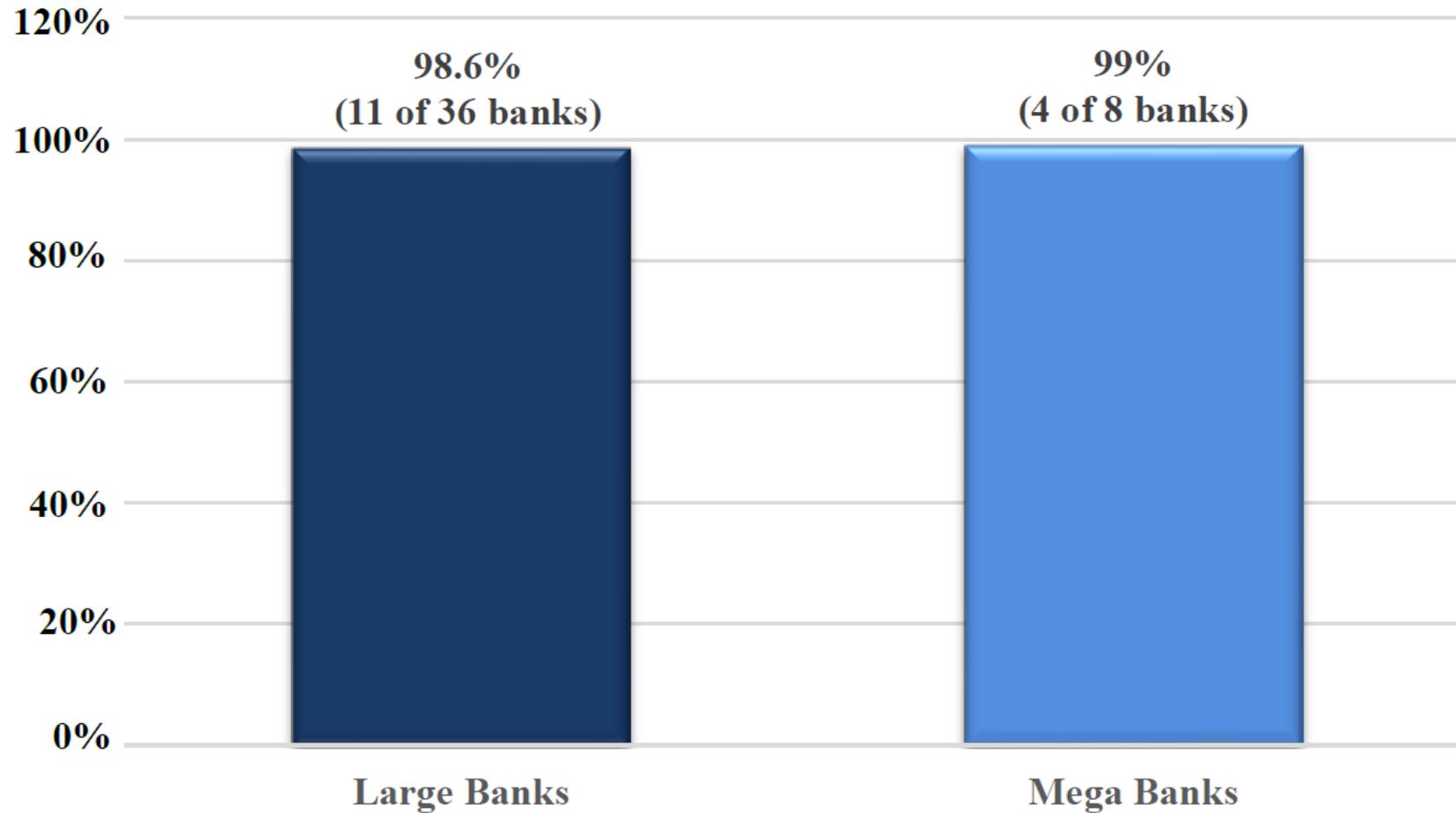
U.S.



Source: U.S. Bureau of Labor Statistics & U.S. House Financial Services Committee Staff Analysis of Bank Diversity Data



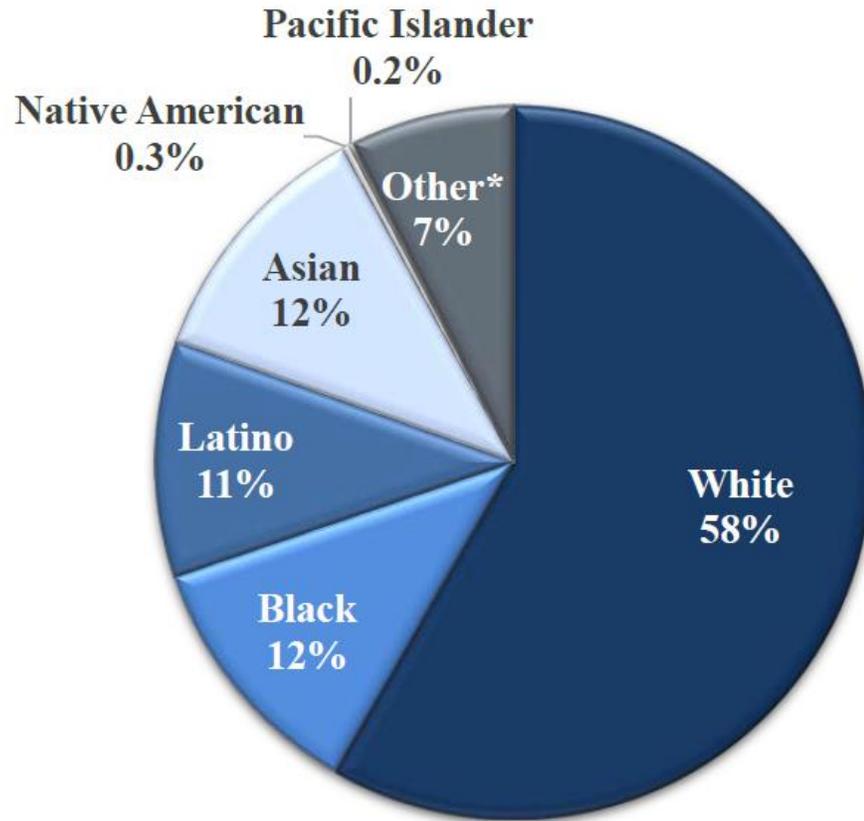
Comparison of Other Large Banks Versus Megabanks: Average Pay Equity (Most Recent Year Reported)



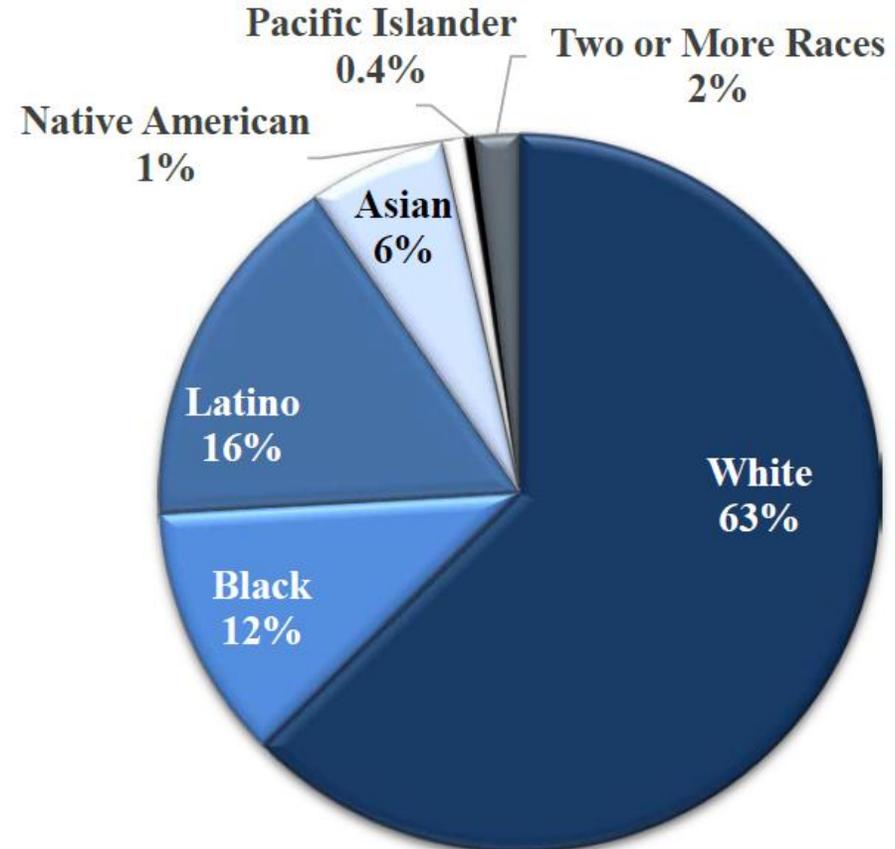
Source: U.S. House Financial Services Committee Staff Analysis of Bank Diversity Data

Comparison of Banks' Workforce Versus U.S. Employed Workforce by Race and Ethnicity 2018

Banks



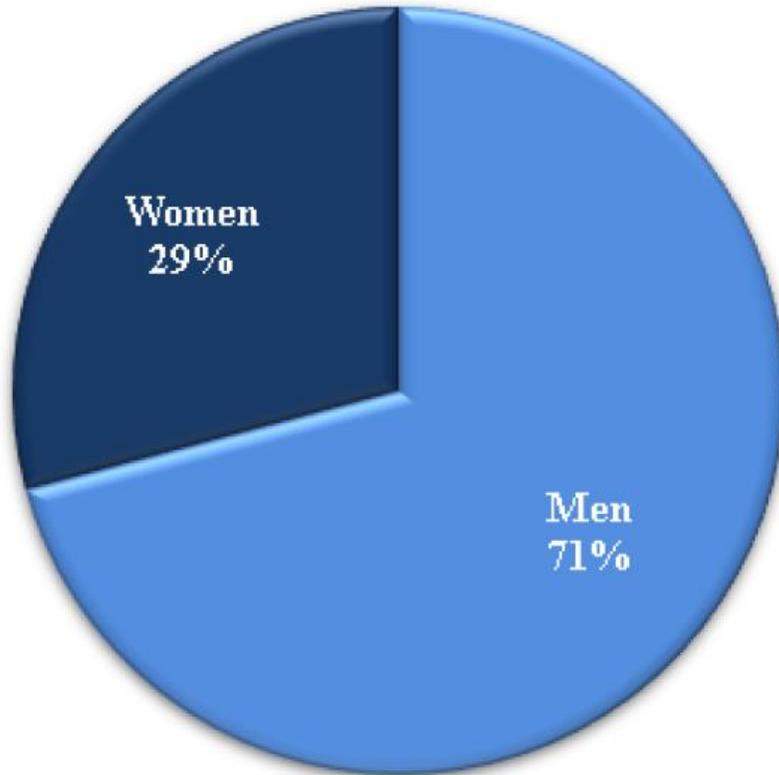
U.S.



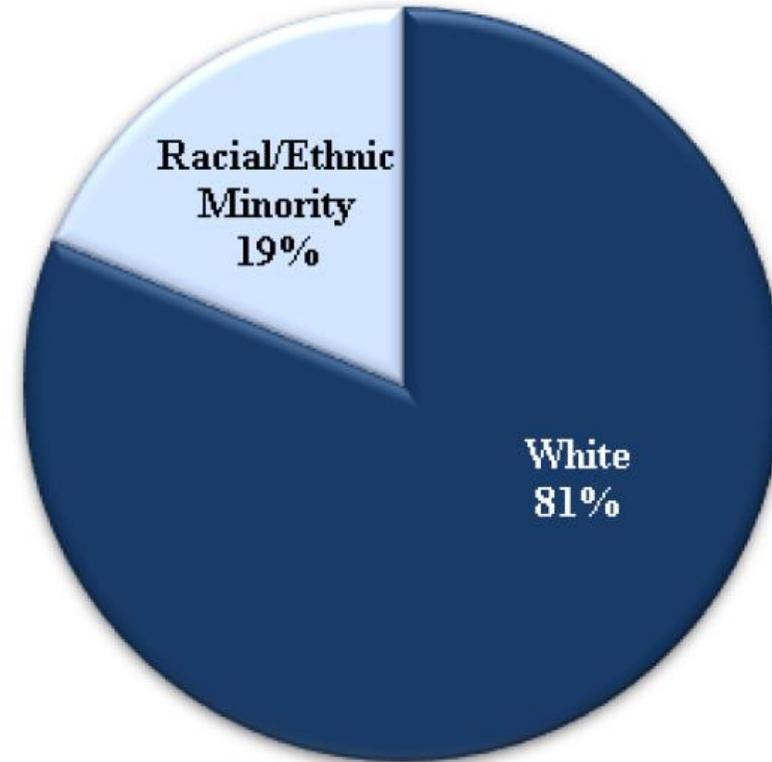
Source: U.S. Bureau of Labor Statistics & U.S. House Financial Services Committee Staff Analysis of Bank Diversity Data

Average Executive Senior Level Diversity Across Banks

Average Gender Diversity

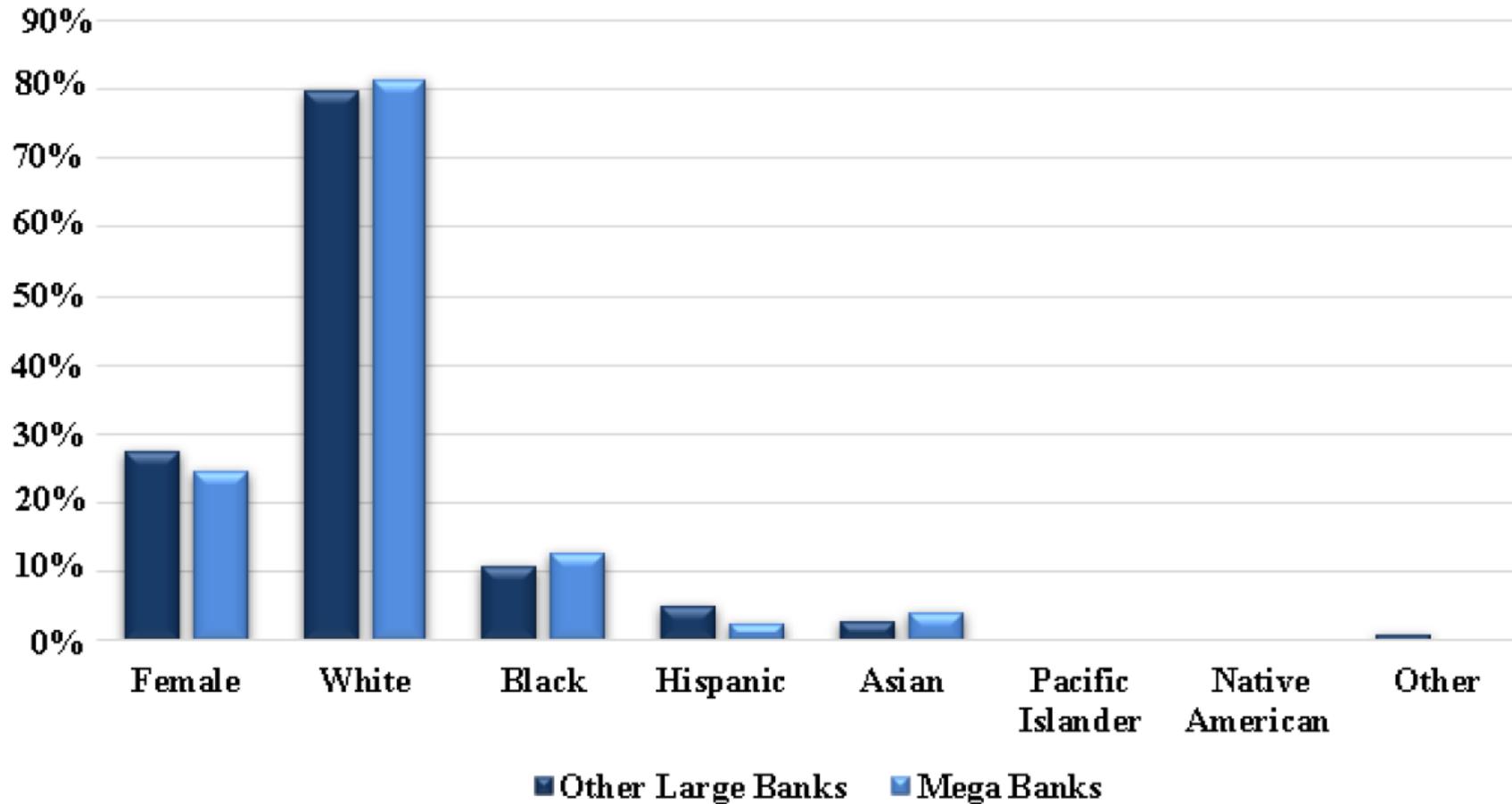


Average Racial and Ethnic Diversity



Source: U.S. House Financial Services Committee Staff Analysis of Bank Diversity Data

Comparison of Other Large Banks Versus Megabanks Board Diversity (Most Recent Year Reported)



Source: U.S. House Financial Services Committee Staff Analysis of Bank Diversity Data

Financial Literacy

Community Banks Excelling Again!!



Financial Literacy

Community Banks are all in for Financial Literacy!

We will be there to assist in your communities!

Bankers all over Michigan have innovative and nationally recognized financial literacy efforts taking place.

Mark will share with you how their bank is making a difference in their markets.



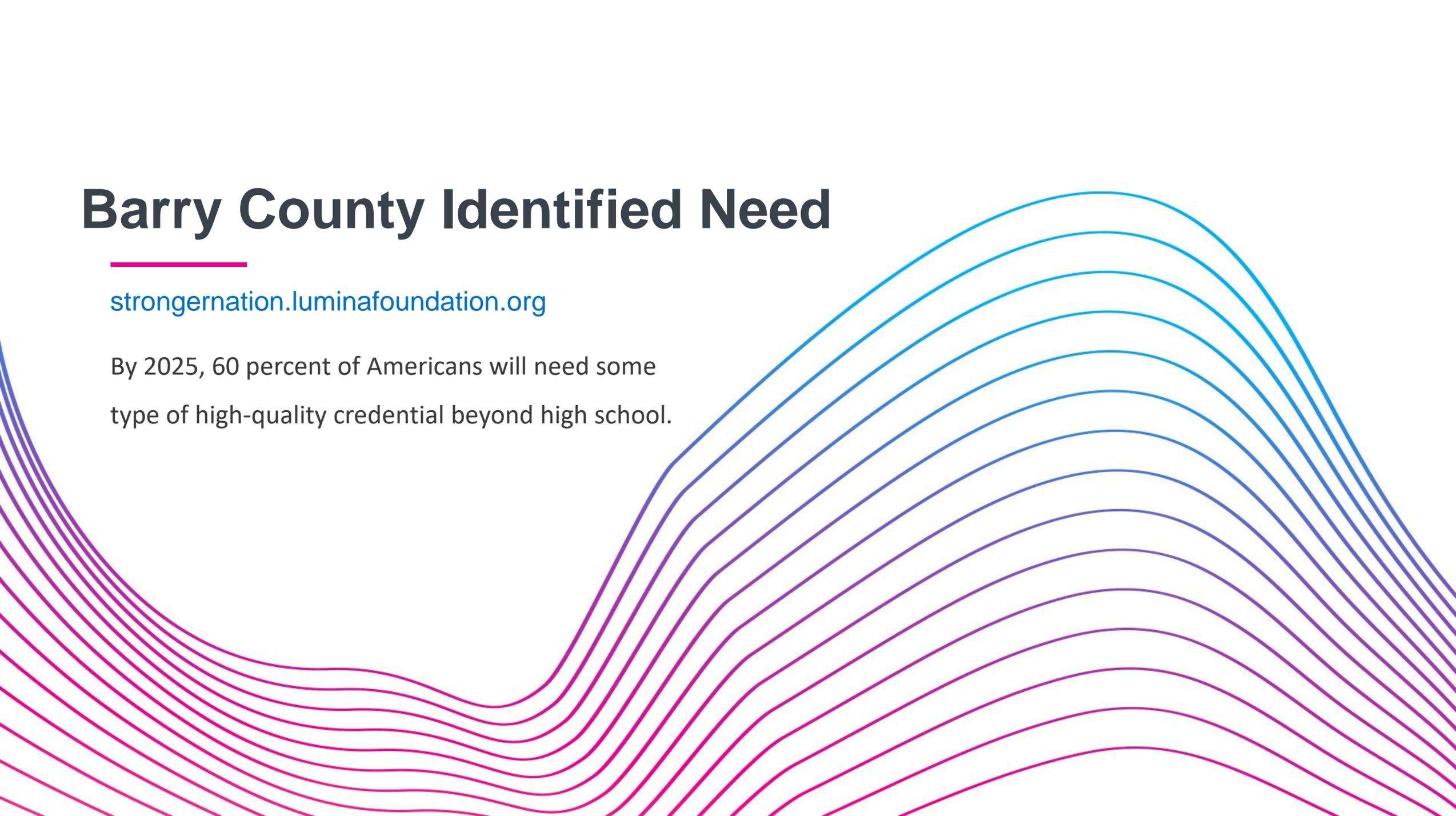


KickStart to Career

Education Savings Program

highpoint[®]
COMMUNITY BANK

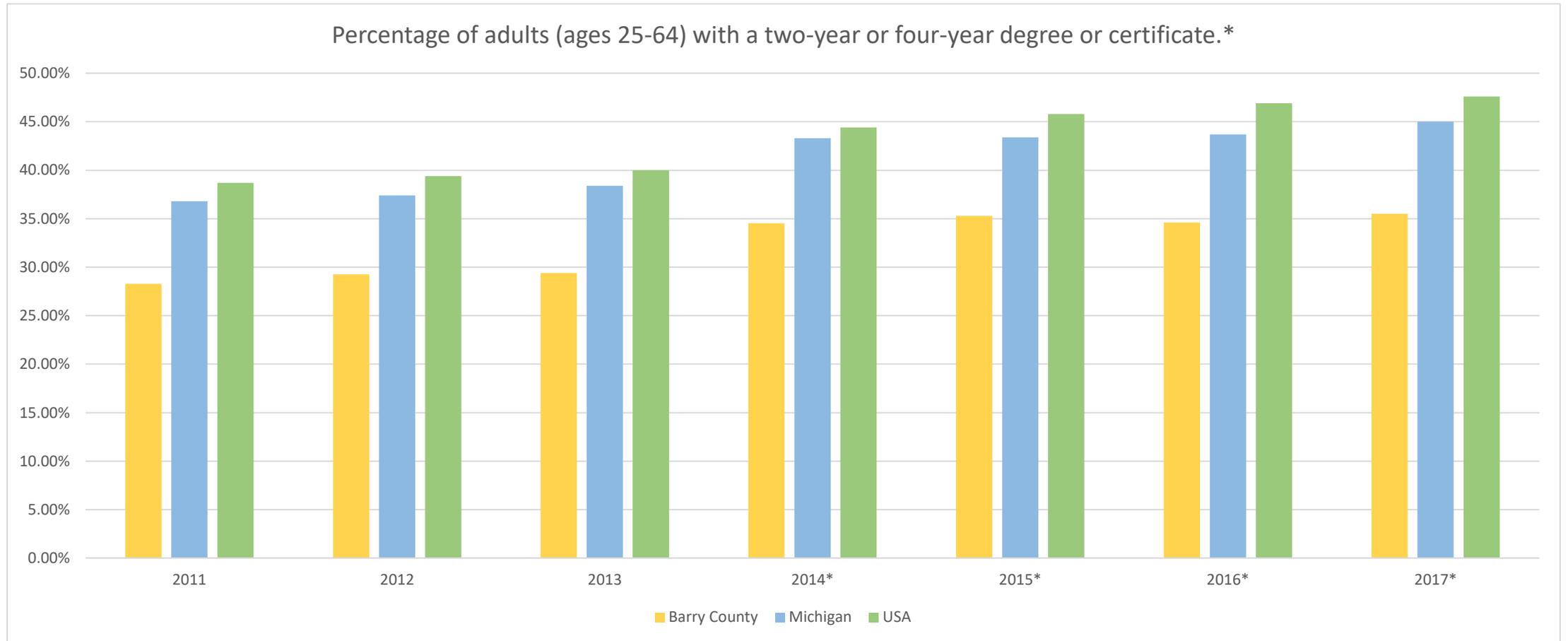
Barry County Identified Need



strongernation.luminafoundation.org

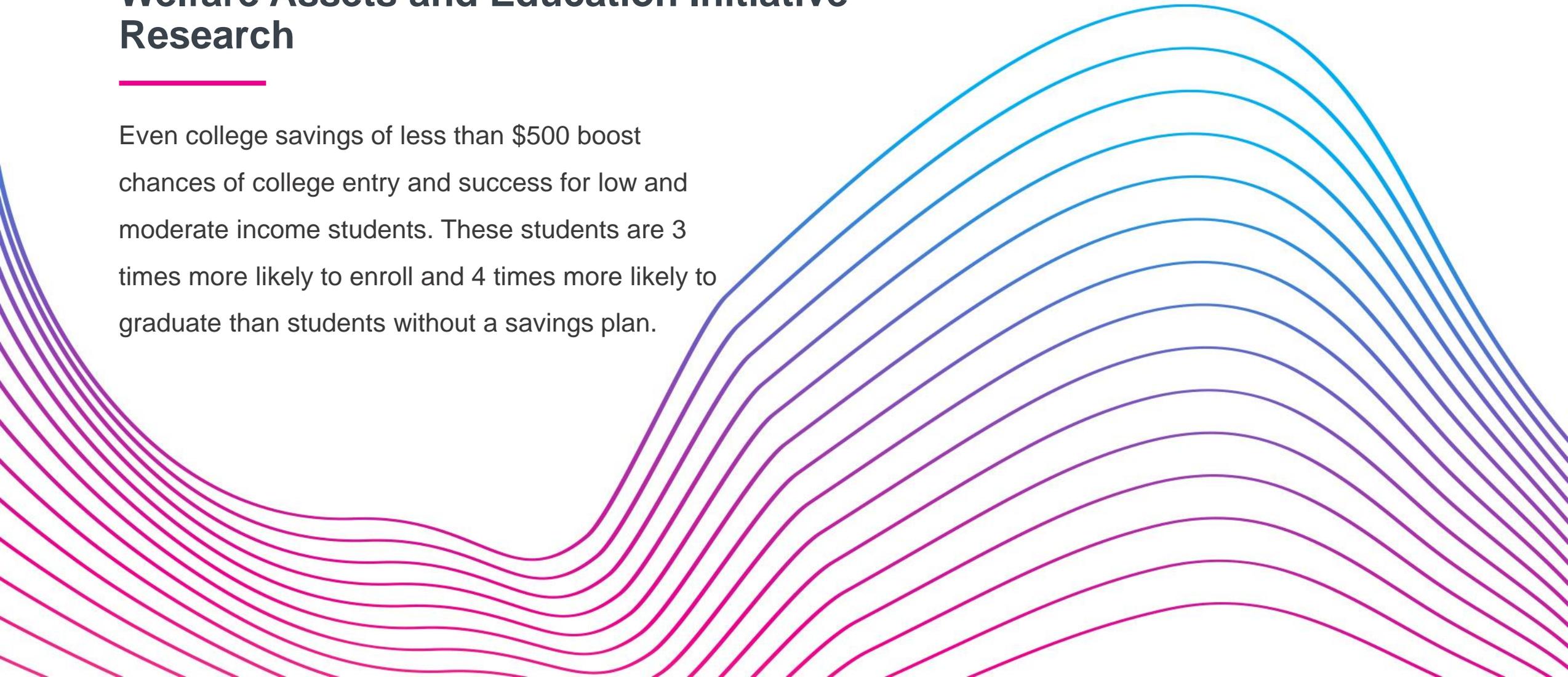
By 2025, 60 percent of Americans will need some type of high-quality credential beyond high school.

Barry County Post Secondary Education Attainment Level

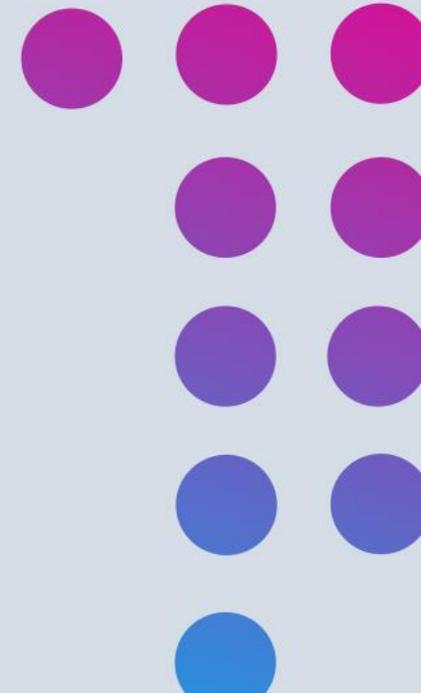


University of Kansas School of Social Welfare Assets and Education Initiative Research

Even college savings of less than \$500 boost chances of college entry and success for low and moderate income students. These students are 3 times more likely to enroll and 4 times more likely to graduate than students without a savings plan.



Community Partnerships



Barry Community Foundation

- Provided research on children's education savings plans.
- Fund founders:
 - DeCamp Family Foundation provides the initial \$50.00 deposit for every kindergarten student in the county.
 - Richard and Marilyn Foster Trust provides matching and incentive dollars.
 - BCF is the account owner, with funds held in trust for the student.
 - Mails account packets to student's homes once accounts are funded.

Barry County School Districts

- Six public and private schools in the county, 11 elementary schools.
- Provides student information to the Barry Community Foundation:
 - Name, address, birthdate, school name and assigned student number.
- Approximately 25 classrooms at each grade level.
- Sends KickStart to Career information home to parents.
- Allows access for financial literacy classroom visits.
- Schedules “deposit days”.

Highpoint Community Bank

- Opens accounts. HCB is the sole financial provider.
 - This is an opt out only program. Very few parents opt out.
 - Account service, set up, maintenance, interest, reporting.
 - No account fees.
 - Approximately 700 accounts are added each year.
 - Public and private deposits are tracked separately.
 - Financial literacy is provided at every grade level.

Financial Literacy

Standardized curriculum to teach children to save.

- Align with state and national standards for economics
- Each is grade level appropriate
- All are based on savings messages and are tied into saving for a goal – your future education.



Financial Literacy

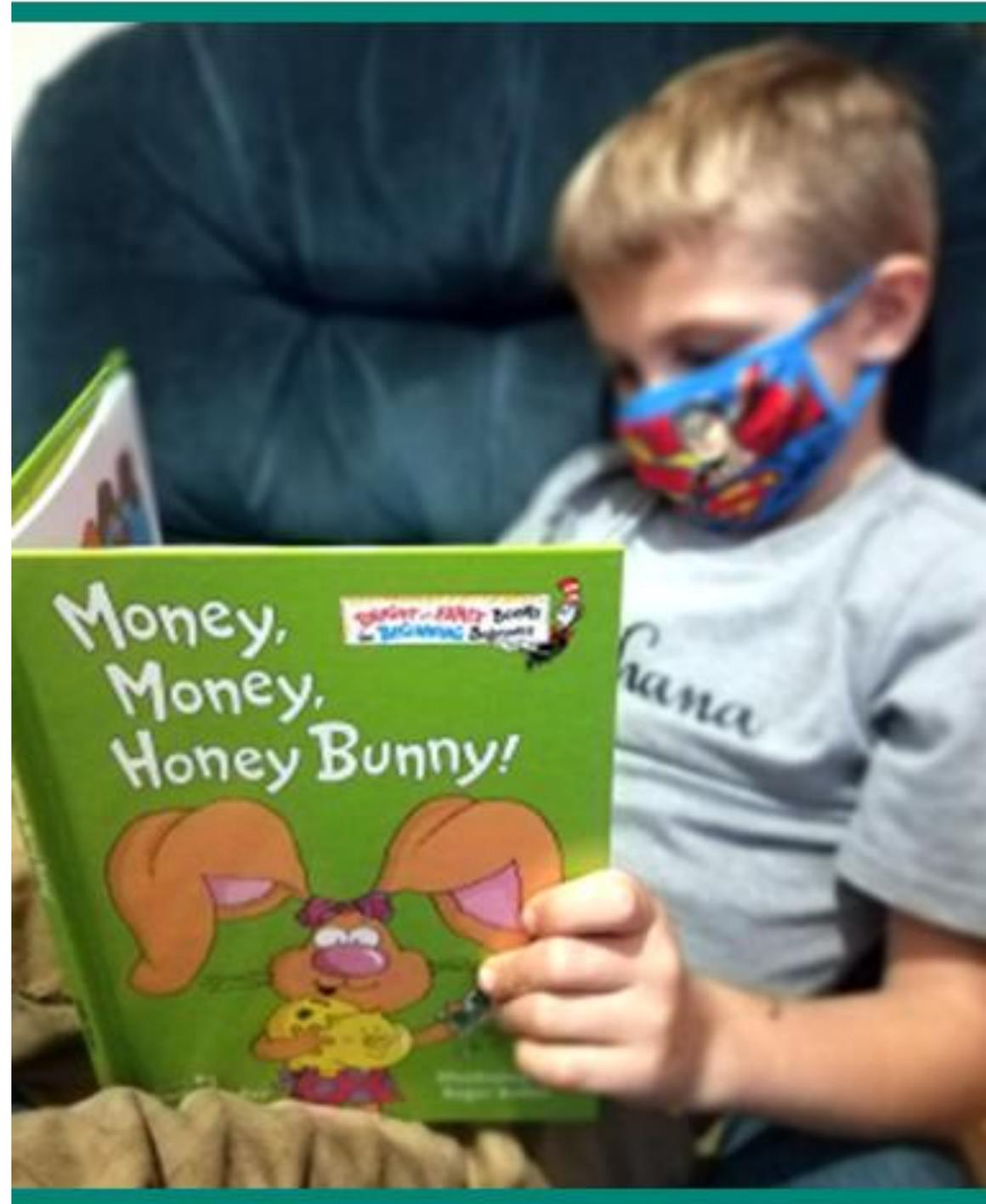
Kindergarten students receive a KickStart to Career piggy bank with the first lesson.



Financial Literacy

HCB provides financial literacy-based books to the elementary school libraries recommended by *Reading Pays*, a program developed by the Federal Reserve Banks of St. Louis, Philadelphia and Kansas City.

Each book comes with a lesson plan for teachers, parents and librarians.



School Deposit Days

Highpoint Community Bank and the Barry Community Foundation visit schools to collect deposits.

- Kindergarten students receive an incentive of \$5.00 for each deposit, of any amount, up to 5 in the first year, establishing a pattern of saving and earning them an additional \$25.00 for their account.



Incentives

Students have the opportunity to earn incentives through positive behavior recognition at school, completing summer reading programs or special deposit match promotions.



Where we are today: 2015 - 2021

- 3,571 KickStart to Career Accounts
- Total deposits \$250,142
- 1,180 accounts have had private deposits
 - Private deposits total \$49,632

Adapting to COVID-19

- Provided lesson plans to teachers, who presented on our behalf for 2020 kindergarten students. Delivered piggy banks for distribution to those students.
- Partnered with the Barry Community Foundation for a deposit incentive program. One deposit of any amount earned the student an additional \$5.00 deposit from the BCF and another \$5.00 deposit from HCB. All KickStart students qualify.
- Provided a financial literacy-based book and lesson plan to every teacher in grades 2 and 4 across all school districts in Barry County.
- 2021: offered the option of a Zoom classroom presentation or providing the lesson for the teachers. Currently delivering KickStart piggy banks to schools.

Highpoint Community Bank is:
Committed to serving youth
Building a stronger community
Helping families build assets
Raising expectations



Thank You

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highpointcommunitybank.com



CBMTM

Community Bankers of Michigan



One Mission. Community Banks.